

*Washington, DC* – Congressmen John Larson (D-CT) and Charles W. Boustany (R-Southwest Louisiana) today introduced bipartisan legislation to improve fairness and equity in medical flexible spending accounts (FSA).

Flexible spending accounts are meant to make it easier for families to put aside tax-free money for such expenses. However, many Americans have avoided establishing these accounts or have underfunded these accounts because any unused contributions must be forfeited back to their employer at the end of the year. With out-of-pocket health expenses rising over the past few years, flexible spending accounts are even more important to middle class families.

The Medical Flexible Spending Account Improvement Act would repeal the "Use-or-Lose" provision. It would allow participants to cash out any remaining FSA balances at the end of the year, and those funds would be treated as normal, taxable wages.

"Now is the time to finally eliminate the use or lose provision," said Congressman Larson. "It is truly unfair that families must forfeit hard-earned dollars that they have reserved for health expenses if they remain in the account at the end of the year. I am proud to join my colleague, Dr. Boustany, in this bipartisan effort to eliminate this provision that has been in effect for far too long."

FSAs allow employees to take salary deductions to fund accounts to pay for out-of-pocket health expenses. Although these funds are part of employee salaries, they are excluded from taxes for the employee under the employer-provided insurance exclusion and can be used by account holders for a variety of necessary medical expenses.

"Americans want health-care solutions that lower costs," Boustany said. "FSAs are a great place to start. These accounts should not penalize individuals who save for medical expenses. We should eliminate this provision and empower consumers to make prudent health-care decisions. I will continue working with my colleagues on both sides of the aisle to improve quality, expand coverage and lower costs while strengthening the doctor-patient relationship."